

Message Text

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SUBJECT: FEDERAL SPENDING ESTIMATES

1. TREASURY BOARD PRESIDENT JEAN CHRETIE TABLED FEDERAL SPENDING ESTIMATES IN PARLIAMENT ON FEBRUARY 19, WITH 28 PERCENT INCREASE ESTIMATED GOVERNMENT SPENDING IN FISCAL YEAR 1975/76 BEGINNING APRIL 1 OVER ESTIMATES PRESENTED LAST YEAR. MAIN ESTIMATES FOR COMING YEAR TOTAL C\$28,241 MILLION AS COMPARED WITH FY 1974/75 ESTIMATES OF C\$22,023 MILLION. HOWEVER, LATTER FIGURE DOES NOT INCLUDE SUPPLEMENTALS OF C\$2,857.5 MILLION ALREADY SUBMITTED TO PARLIAMENT FOR 1974/75 AND POSSIBLE ADDITIONAL SUPPLEMENT OF C\$950 MILLION, BRINGING CURRENT FY ESTIMATES TO C\$25,830 MILLION. (FORECAST EXPENDITURES FOR RY 74/75 ARE C\$25,453 MILLION.)

2. OIL COMPENSATION PAYMENTS, AGRICULTURAL SUBSIDIES, DEFENSE SPENDING, HIGHER TRANSFER PAYMENTS TO PROVINCES AND INCREASED CONSTRUCTION COSTS WHICH WERE COVERED BY SUPPLEMENTAL ESTIMATES THIS FY, ARE CONTAINED IN MAIN ESTIMATES FOR 1975/76.

3. FOLLOWING TABLE GIVES FY 75/76 MAIN ESTIMATES BROKEN DOWN BY CATEGORY, PERCENT OF TOTAL, AND PERCENTAGE
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INCREASE OVER RY 75/75 FORECAST EXPENDITURES (INCLUDING

ACTUAL AND EXPECTED SUPPLEMENTALS):

CATEGORY	C\$MILLION	PERCENT	PERCENT-
	OF AGE		
	TOTAL	CHANGE	
HEALTH & WELFARE	7,854	27.8	P11.8
ECONOMIC DEVELOPMENT	4,657	16.5	P7.3
PUBLIC DEBT	3,575	12.6	P12.6
DEFENSE	2,802	9.9	P11.5
FISCAL TRANSFERS	2,625	9.3	-0.2
TRANSPORT, COMMUNICATIONS	2,080	7.4	P7.5
GENERAL GOVERNMENT SERVICES	1,437	5.1	P18.4
INTERNAL OVERHEAD	1,149	4.1	P29.5
FOREIGN AFFAIRS	701	2.5	P36.9
CULTURE & RECREATION	690	2.4	P19.0
EDUCATION ASSISTANCE	672	2.4	P4.5
TOTAL	28,242	100	P10.9

(P DENOTES PLUS)

4. ALSO TABLED WITH BUDGETARY ESTIMATES WERE NON-BUDGETARY LOANS, INVESTMENTS AND ADVANCES TOTALING C\$2,650 MILLION. EXCLUDED FROM MAIN ESTIMATES WERE AMOUNTS GOVERNMENT WILL INVEST IN SYNCRUDE OIL SANDS PROJECT, LOANS COVERED BY STATUTE TO CENTRAL MORTGAGE AND HOUSING CORP., FARM CREDIT CORP., AND EXPORT DEVELOPMENT BANK, OLD AGE SECURITY AND GUARANTEED INCOME SUPPLEMENTS (ESTIMATED AT C\$3,969 MILLION), UNEMPLOYMENT INSURANCE BENEFITS AND CANADIAN PENSION OR CIVIL SERVICE PENSION PAYMENTS.

5. AS EXPECTED, PROGRESSIVE CONSERVATIVE ACTING HOUSE LEADER WALTER BAKER ATTACKED LIBERALS FOR SPENDING TOO MUCH AND THE NDP HOUSE LEADER TANLEY KNOWLES SAID THE GOVERNMENT WAS DOING TOO LITTLE TO REDISTRIBUTE THE WEALTH. BAKER SEIZED ON 28 PERCENT INCREASE IN FY 75/76 ESTIMATES OVER THOS SUBMITTED LAST YEAR, IGNORING SUPPLEMENTAL ESTIMATES DURING FY 74/75, AND ACCUSED LIBERALS OF NOT PRACTICING RESTRAINT AS PROPOSED BY FINMIN TURNER.

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6. LAST NOVEMBER TURNER HAD PROMISED TO TRY TO HOLD GOVERNMENT SPENDING FOR FY 765/76 TO 15 PERCENT INCREASE BUT INFLATION, COSTS OF CIVIL SERVICE AND MILITARY PAY INCREASES, AND ATTEMPTS TO FULFILL SOME CAMPAIGN PROMISES ARE MAKING HIS PROMISE ALMOST IMPOSSIBLE TO SUSTAIN. HE CAN POINT TO FACT THAT ESTIMATES ARE ONLY ABOUT 11 PERCENT OVER CURRENT FY FORECAST EXPENDITURE LEVELS, INCLUDING SUPPLEMENTALS, BUT THIS WOULD IGNORE

ALMOST CERTAIN SUPPLEMENTALS (INCLUDING SYNCRUDE PARTICIPATION) TO BE ADDED DURING NEXT FISCAL YEAR.

7. MAIN ESTIMATES DOCUMENTS BEING SUBMITTED ON CERP. PORTER

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